

Department of Community and Economic Development
State of Alaska
Single Audit – Compliance Supplement

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Economic Development Matching Grant Program

Department of Community and Economic Development

Program 1

I. PROGRAM OBJECTIVES

The purpose of this program is to provide economic development assistance to nonprofit businesses, villages, cities, and boroughs throughout the state. Grants are awarded to create employment and have a long-term positive impact on the local or regional economy. The funds cannot be provided for health or safety reasons.

II PROGRAM PROCEDURES

Annually, the department is asked to give economic development via financial assistance or capital construction grants to various nonprofit businesses, villages, cities, boroughs and universities throughout the state. The department's funding must be matched with a minimum of a one-to-one cash ratio using non-state funds. In order for the department to participate in such a program, a grant must be approved by a federal or other granting agency. A grant agreement is then executed between the grantee and the department for the matching funds.

In grant programs where an audit is to be performed by the grantor, an additional state audit may not be required.

III COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND NOT ALLOWED

Compliance Requirement

The grant agreement will specify the types of activities and services allowable under the grant. Amendment to the original agreements cannot substantially change the scope of services.

Suggested Audit Procedures

Review the grant agreement;

- Identify the services and activities to be provided; and
- Test financial and related records to determine if the funds expended were used for the purpose for which funds were awarded.

B. ELIGIBILITY

Compliance Requirements

These grants cannot be awarded to benefit a for-profit entity. Eligible applicants are listed in the grant guidelines.

Suggested Audit Procedures

- The auditor is expected to verify eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

The grant agreement will specify any matching, level of effort, and/or earmarking requirements.

Suggested Audit Procedures

- Review the grant agreement; and
- Verify that any matching, level of effort, and/or earmarking requirements were met.

D. REPORTING REQUIREMENTS

Compliance Requirements

The grant agreement will specify the schedule by which periodic progress and financial reports are to be provided.

Suggested Audit Procedures

- Review the grant agreement;
- Identify the reporting schedule;
- Obtain copies of reports to determine completeness and timeliness of submission and reimbursement of expenses; and
- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

The grant agreement will identify any special compliance requirements the grantee is to adhere.

Suggested Audit Procedures

- Review the grant agreement;
- Identify any special compliance provisions; and
- Verify that requirements were met.

Modified 5/00

Fisheries Enhancement Tax Receipts
Department of Community and Economic Development
Program 2

I. PROGRAM OBJECTIVES

A salmon enhancement tax is collected by the Department of Revenue on the sale of salmon in areas where Regional Aquaculture Associations have been formed by local fishers, and those fishers have approved the tax. After the funds are appropriated by the Legislature to the Department of Community and Economic Development, they are distributed to the Regional Aquaculture Associations. Administration of the funds is accomplished through the review of annual budgets submitted by the Regional Associations.

II. PROGRAM PROCEDURES

Regional Aquaculture Associations must comply with 3 AAC 89 in order to receive funds appropriated for Fisheries Enhancement Tax Receipts.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

See 3 AAC 89.010 and .020.

Suggested Audit Procedure

- See 3 AAC 89.010 and .020.

B. ELIGIBILITY

The auditor is not expected to verify eligibility.

C. REPORTING REQUIREMENTS

Compliance Requirement

See 3 AAC 89.080, .090 and 89.120.

Suggested Audit Procedure

- There are no special suggested audit procedures.

D. REPORTING REQUIREMENTS

There are no special reporting requirements.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

The agreement will identify any special compliance to which the Regional Aquaculture Association is to adhere.

Suggested Audit Procedures

- Review the agreement to identify any special compliance provisions and;
- Verify that the requirements were met.

Modified 5/00

Alaska Coastal Management Program
CFDA Number 11.419
Department of Community and Economic Development
Program 3

I. PROGRAM OBJECTIVES

The program provides grant funds to coastal resource districts for research, planning, development, and implementation of district coastal management programs.

The program is funded with federal pass through moneys. If an audit is required, an audit should be conducted in accordance with applicable state and federal audit requirements.

II. PROGRAM PROCEDURES

Grants are awarded annually on a competitive basis to coastal resource districts.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

The statutes and regulations for the Alaska Coastal Management Programs relate primarily to standards and requirements for coastal management plans and districts. There are no specific statutes or regulations governing the administration of the grant program. The compliance requirements for the grants will be contained within the individual grant agreements.

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Compliance Requirements

Grants are made for researching, planning, developing, and implementing coastal management programs. AS 44.33.781

The grant agreement will specify the activities and types of services funded by the grant.

Suggested Audit Procedure

- Review the grant agreement, test financial and related records to determine the purposes for which the funds were expended.

B. ELIGIBILITY

The auditor is not expected to verify eligibility for receipt of the funds.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirements

The grant agreement will identify any matching, level of effort, or earmarking requirements.

Suggested Audit Procedure

- Review the grant agreement, identify any matching, level of effort, or earmarking requirements, and verify the requirements were met.

D. REPORTING REQUIREMENTS

Compliance Requirements

The grant agreement will specify the schedule by which periodic progress and financial reports are to be submitted.

Suggested Audit Procedures

- Review the grant agreement, identify the reporting schedule, examine copies of reports and determine completeness and timeliness of submission.
- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirements

The grant agreement will identify any other compliance requirements to which the recipient must adhere.

Suggested Audit Procedures

- Review the grant agreement, identify any other applicable compliance provisions, including the “standard provisions,” and verify the requirements were met.

Modified 5/01

Capital Project Matching Grants Program
Department of Community and Economic Development
Program 4

I. PROGRAM OBJECTIVES

Authorized under Alaska Statute 37.06.020, these grants are made to eligible unincorporated communities for the capital projects. Capital projects are those with a cost exceeding \$10,000 to acquire or improve an asset with an anticipated life exceeding one year. Capital projects include, but are not limited to, land acquisition, construction, repair or structural improvements to a facility, engineering or design for a facility, and acquisition or repair of equipment.

II. PROGRAM PROCEDURES

By October 1 of each fiscal year, a selected entity within the eligible unincorporated communities submit a listing of prioritized capital projects requested to be funded under the program the following fiscal year. Funds for projects are appropriated by the Legislature. The Department then executes a grant agreement with the selected entity for the appropriated projects. The grant recipient is required to provide a local contribution for a portion of each capital project awarded.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Grant funds can be expended for capital projects. The grant agreement will specify the specific activities to be paid with grant funds.

Suggested Audit Procedures

- Test expenditure and related records.

Compliance Requirement

No more than 10 percent of the total amount of a grant for land acquisition, or planning, design, construction or repair of a facility may be used for administrative expenses. No more than 5 percent of the total amount of a grant for equipment or equipment repairs may be used for administrative expenses. AS 37.06.020(f); 3 AAC 155.100

Suggested Audit Procedures

- Review the grant agreement to identify the amount of administration allowed and test expenditure and related records to verify the limitation on

maximum amount of administrative expenses charged to the grant was not exceeded.

B. ELIGIBILITY

The auditor is not expected to make tests for recipient eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

Under this program, unincorporated communities are required to provide matching funds for a portion of the capital project. The grant agreement will specify the amount of local matching share that the unincorporated community must provide and will specify the types and amounts of the matching share. AS 37.06.030(b); 19 AAC 55.060

Suggested Audit Procedures

- Review the grant agreement, identify the types and amounts of match required, and review the grantee's accounting and other records to verify the amount of the match claimed was provided.

D. REPORTING REQUIREMENTS

Compliance Requirement

The grant agreement will specify the reporting requirements to which the grantee must adhere.

Suggested Audit Procedures

- Examine copies of the reports and determine completeness of submission in accordance with the grant agreement.
- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

Grant activities must occur within the start and end dates of the grant agreement and any amendments.

Suggested Audit Procedures

- Review the grant agreement and any amendments and review grant related activities to verify they were within the end and start dates.

Compliance Requirement

Site control must be demonstrated for capital projects, facilities, or other forms of property that are built, acquired, or used in capital projects. 3 AAC 155.090

Suggested Audit Procedure

- Review documentation maintained by the grantee in support of site control for the capital project, facility or other form of property, and verify the documents demonstrate adequate control to allow the grant activities.

Compliance Requirement

The grant agreement will specify any special provisions or requirements to which the grantee must adhere.

Suggested Audit Procedure

- Review the grant agreement, identify any special provisions or requirements, and verify they were met.

Modified 5/00

Community Development Block Grant Program
CFDA Number 14.228
Department of Community and Economic
Program 5

I. PROGRAM OBJECTIVES

The objective of the Community Development Block Grant Program is to enhance the quality of life for low-income residents by expanding economic opportunities in rural Alaska. The CDBG Program fulfills this objective through the undertaking of eligible activities, which benefit low and moderate-income persons.

This program includes federal pass through funds and the audit should be conducted in accordance with federal audit requirements.

II. PROGRAM PROCEDURES

The State distributes CDBG funds to small units of general local government (incorporated cities and boroughs) which do not qualify for entitlement grants (all cities except the Municipality of Anchorage). Grants are solicited and awarded annually on a competitive basis.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

In addition to federal statutory requirements, the Department is obligated to issue an annual hearing and community development plan consistent with Federal statutes and regulations. This plan should be reviewed prior to beginning the audit, and is available from the Department's Municipal and Regional Assistance Division.

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirements

Activities assisted under this program may include only:

1. the requisition of real property (including air rights, water rights, and other interests therein) which is a) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth; b) appropriate for rehabilitation or conservation activities; c) appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development; d) to be used for the provision of public works, facilities, and improvements eligible for assistance under this title; or e) to be used for other public purposes;

2. the acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements;
3. code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public or PRIVATE IMPROVEMENTS OR services to be provided, may be expected to arrest the decline of the area;
4. clearance, demolition, removal, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition for rehabilitation, or privately owned properties and including the renovation of closed school buildings);
5. special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;
6. payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for relocation of individuals and families displaced by activities under this title;
7. disposition (through sale, lease, donation or otherwise) of any real property acquired pursuant to this title or its retention for public purposes;
8. provisions of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs, if such services have not been provided by the unit of general local government (through funds raised by such unit, or received by such unit from the State in which it is located) during any part of the twelve-month period immediately preceding the date of submission of the statement with respect to which funds are to be made available under this title, and which are to be used for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the unit of general local government, except that not more than 15 percent of the amount of any assistance to a unit of local government (or in the case of non-entitled communities not more than 15 percent statewide) under this title including program income may be used for activities under this paragraph unless such unit of general local government used more than 15 percent of the assistance received under this title for fiscal year 1982 or fiscal year 1983 for such activities (excluding any assistance received pursuant to Public Law 98-8), in which case, such unit of general local government may use not more than the percentage or amount of such assistance used for such activities for such fiscal year, whichever method of calculation yields the higher amount, and except that of any amount of assistance under this title (including program income) in each of fiscal

years 1993 through 1997 to the city of Los Angeles and county of Los Angeles, each such unit of general government may use not more than 25 percent in each fiscal year for activities under this paragraph;

9. payment of the non-federal share required in connection with a federal grant-in-aid program undertaken as part of activities assisted under this title;
10. payment of the cost of completing a project funded under title I of the Housing Act of 1949;
11. relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate;
12. activities necessary a) to develop a comprehensive community development plan, and b) to develop a policy- planning-management capacity so that the recipient of assistance under this title may more rationally and effectively (i) determine its needs, (ii) set long-term goals and short-term objectives, (iii) devise programs and activities to meet these goals and objectives, (iv) evaluate the progress of such programs in accomplishing these goals and objectives, and (v) carry out management, coordination, and monitoring of activities necessary for effective planning implementation;
13. Payment of reasonable administrative costs related to establishing and administering federally approved enterprise zones and payment of reasonable administrative costs and carrying charges related to the planning and execution of community development and housing activities, including the provision of information and resources to residents of areas in which community development and housing activities are to be concentrated with respect to the planning and execution of such activities, and including the carrying out of activities as described in section 701(e) of the Housing Act of 1954 on the date prior to the date of enactment of the Housing and Community Development Amendments of 1981;
14. Provision of assistance including loans (both interim and long term) and grants FOR activities which are carried out by public or private nonprofit entities, including a) acquisition of real property; b) acquisition, construction, reconstruction, rehabilitation, or installation of (i) public facilities (except for buildings for the general conduct of government), site improvements, and utilities, and (ii) commercial or industrial buildings or structures and other commercial or industrial real property improvements; and c) planning;
15. assistance to neighborhood-based nonprofit organizations, local development corporations, nonprofit organizations serving the development needs of the communities of non-entitlement areas, or entities organized under section 301(d) of the Small Business Investment Act of 1958 to carry out a neighborhood revitalization or community economic development or energy conservation project in furtherance of the objectives or section

101(c), and assistance to neighborhood-based nonprofit organizations, or other private or public nonprofit organizations, for the purpose of assisting, as part of neighborhood revitalization or other community development of shared housing opportunities (other than by construction of new facilities) in which elderly families (as defined in section 3(b)(3) of the United States Housing Act of 1937) benefit as a result of living in a dwelling in which the facilities are shared with others in a manner that effectively and efficiently meets the housing needs of the residents and thereby reduces their cost of housing;

16. activities necessary to the development of energy use strategies related to recipient's development goals, to assure that those goals are achieved with maximum energy efficiency, including items such as a) an analysis of the manner in, and the extent to, which energy conservation objectives will be integrated into local government operations, purchasing and service delivery, capital improvements, budgeting, waste management, district heating and cooling, land use planning and zoning, and traffic control, parking, and public transportation functions; and b) a statement of the actions the recipient will take to foster energy conservation and the use of renewable energy resources in the private sector, including the enactment and enforcement of local codes and ordinances to encourage or mandate energy conservation use of renewable energy resources, financial and other assistance to be provided (principally for the benefit of low and moderate income persons) to make energy conserving improvements to residential structures, and any other proposed energy conservation activities;
17. provisions of assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that a) creates or retains jobs for low and moderate income persons; b) prevents or eliminates slums and blight; c) meets urgent needs; d) creates or retains businesses owned by community residents; e) assists businesses that provide goods or services needed by, and affordable to, low and moderate income residents; or f) provides technical assistance to promote any of the activities under (a) through (e);
18. the rehabilitation or development of housing assisted under section 17 of the United States Housing Act of 1937;
19. provision of assistance to facilitate substantial reconstruction of housing owned and occupied by low and moderate income persons a) where the need for reconstruction was not determinable until after rehabilitation under this section had already commenced, or b) where the reconstruction is part of a neighborhood rehabilitation effort and the grantee (i) determines the housing is not suitable for rehabilitation, and (ii) demonstrates to the satisfaction of the Secretary that the cost of substantial reconstruction is

- significantly less than the cost of new construction and less than the fair market value of the property after substantial reconstruction;
20. provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities, which assistance shall not be considered a planning cost as defined in paragraph (12) or administrative cost as defined in paragraph (13);
 21. housing services, such as housing counseling, energy auditing, preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in housing activities authorized under this section, or under Title II of the Cranston-Gonzalez National Affordable Housing Act, except that activities under this paragraph shall be subject to any limitation on administrative expenses imposed by any law;
 22. provision of assistance by recipients under this Title to institutions of higher education having a demonstrated capacity to carry out eligible activities under this subsection for carrying out such activities;
 23. provision of assistance to public and private organizations, agencies, and other entities (including nonprofit and for-profit entities) to enable such entities to facilitate economic development by a) providing credit (including providing direct loans and loan guarantees, establishing revolving loan funds, and facilitating peer lending programs) for the establishment, stabilization, and expansion of micro-enterprises; b) providing technical assistance, advice, and business support services (including assistance, advice, and support relating to developing business plans, securing funding, conducting marketing, and otherwise engaging in micro-enterprise activities) to owners of micro-enterprises and persons developing micro-enterprises; and c) providing general support (such as peer support programs and counseling) to owners of micro-enterprises and persons developing micro-enterprises;
 24. activities necessary to make essential repairs and to pay operating expenses necessary to maintain the habitability of housing units acquired through tax foreclosure proceedings in order to prevent abandonment and deterioration of such housing in primarily low and moderate income neighborhoods; and
 25. provision of direct assistance to facilitate and expand home ownership among persons of low and moderate income (except that such assistance shall not be considered a public service for purposes of paragraph (8)) by using such assistance to a) subsidize interest rates and mortgage principal amounts for low and moderate income home buyers; b) finance the acquisition by low and moderate income home buyers; c) acquire guarantees for mortgage financing obtained by low and moderate income home buyers from private lenders (except that amounts received under this

Title may not be used under this subparagraph to directly guarantee such mortgage financing and grantees under this title may not directly provide such guarantees); d) provide up to 50 percent of any down payment required from low or moderate income home buyer; or e) pay reasonable closing costs (normally associated with the purchase of a home) incurred by a low or moderate income home buyer.

Suggested Audit Procedures

- Identify activities funded with CDBG grant funds.
- Test expenditure and related records.

Compliance Requirements

Up to 10 percent of the grant may be expended at the community level for administrative costs.

Suggested Audit Procedures

- Ascertain the amount of the grant.
- Review the financial records and determine amount expended for administrative costs.

B. ELIGIBILITY

The auditor is not expected to make tests for recipient eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirements

There are no specific requirements for matching, level of effort, or earmarking. However, leveraging of funds is a consideration in the evaluation of grant applications. Grant agreement budgets will typically identify any leveraged funds.

Suggested Audit Procedure

- Determine if the amount and source of funds identified by the community for leveraging was applied to the project.

D. REPORTING REQUIREMENTS

Compliance Requirements

Communities are required to submit monthly and/or quarterly progress reports, as specified in the grant agreement.

Suggested Audit Procedures

- Examine copies of reports and determine completeness and timeliness of submission.
- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

Grantees are required to adhere to the National Environmental Policy Act and other provisions of law as provided in Title I of the Housing and Urban Development Act of 1974, as amended through October 28, 1992.

Suggested Audit Procedure

- Review and assess for adequacy the grantee's activities for compliance with the Housing and Urban Development Act, as amended through October 28, 1992.

Compliance Requirement

All laborers and mechanics employed by contractors or subcontractors on construction work shall be paid wages which are in conformance with the Davis-Bacon Act as amended in 40 U.S.C. 276a--5, and Section 110(a) and (b) of Title I of the Housing and Urban Development Act of 1974, as amended through October 28, 1992.

Suggested Audit Procedures

- As appropriate, review financial and related records and verify appropriate wages were paid.
- Review subcontracts and determine whether appropriate labor standards were met. Review and assess for adequacy the grantee's procedures for verifying subcontractors met the labor standards.

Compliance Requirement

Grantees are to conform to the requirements of Pub. L. 88-352, Title VI of the Civil Rights Act of 1965, and Pub. L. 90-284, Title VIII of the Civil Rights Act of 1968 (the Fair Housing Act) and Section 109 of the Housing and Community Development Act of 1974, as amended through October 28, 1992.

Suggested Audit Procedures

- Review and assess for adequacy the grantee's procedures for assuring non-discrimination in the use of and/or benefits derived from the grant funds.

Modified 5/00

Community Services Block Grant Program
CFDA Number 93.569 and 93.571
Department of Community and Economic Development
Program 6

I. PROGRAM OBJECTIVES (Section 672, Subtitle B, Community Services Block Grant Act (42 U.S.C. 9901 et. Seq.)) Purpose and Goals:

The purpose of this program is to 1) provide assistance to State and local communities, working through a network of community action agencies and other neighborhood-based organizations, for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient (particularly families who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act (42 USC 601 et. Seq.)); and 2) to accomplish the goals described in paragraph 1 through:

- A. the strengthening of community capabilities for planning and coordinating the use of a broad range of Federal, State, local, and other assistance (including private resources) related to the elimination of poverty, so that this assistance can be used in a manner responsive to local needs and conditions;
- B. the organization of a range of services related to the needs of low-income families and individuals to that these services may have a measurable and potentially major impact on the causes of poverty in the community and may help the families and individuals to achieve self-sufficiency;
- C. the greater use of innovative and effective community-based approaches to attacking the causes and effects of poverty and of community breakdown;
- D. the maximum participation of residents of the low-income communities and members of the groups served by programs assisted through the block grants made under this subtitle to empower such residents and members to respond to the unique problems and needs within their communities; and
- E. the broadening of the resource base of programs directed to the elimination of poverty so as to secure a more active role in the provisions of services for (i) private, religious, charitable, and neighborhood-based organizations; and (ii) individual citizens, and business, labor, and professional groups, who are able to influence the quantity and quality of opportunities and services for the poor.

This program uses federal pass through money and the audit should be conducted in accordance with federal audit requirements.

II. PROGRAM PROCEDURES

Funds are obtained by the community-based programs in accordance with a pre-defined formula.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

In addition to federal statutory requirements, the Department is obligated to issue a State Plan consistent with federal statutes and regulations. This plan should be reviewed prior to beginning the audit, and is available from the Department's Division of Community & Business Development.

A. TYPES OF SERVICES ALLOWED OR UNALLOWED (Section 676, Subtitle B, Community Services Block Grant Act (42 U.S.C. 9901 et. Seq.))

1. an assurance that funds made available through the grant or allotment will be used-
 - a. to support activities that are designed to assist low-income families and individuals, including families and individuals receiving assistance under art A of title IV of the Social Security Act (42 U.S.C. 601 et. Seq.), homeless families and individuals, migrant or seasonal farm workers, and elderly low-income individuals and families, and a description of how such activities will enable the families and individuals-
 - i. to remove obstacles and solve problems that block the achievement of self-sufficiency (including self-sufficiency for families and individuals who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act);
 - ii. to secure and retain meaningful employment;
 - iii. to attain adequate education, with particular attention toward improving literacy skills of the low-income families in the communities involved which may include carrying out family literacy initiatives;
 - iv. to make better use of available income;
 - v. to obtain and maintain adequate housing and a suitable living environment;
 - vi. to obtain emergency assistance through loans, grants, or other means to meet immediate and urgent family and individual needs; and
 - vii. to achieve greater participation in the affairs of the communities involved, including the development of public and private grassroots partnerships with local law enforcement agencies, local housing authorities, private foundations, and other public and private partners to –
 1. document best practices based on successful grassroots intervention in urban areas, to develop methodologies for widespread replications; and

2. strengthen and improve relationships with local law enforcement agencies, which may include participation in activities such as neighborhood or community policing efforts;
- b. to address the needs of youth in low-income communities through youth development programs that support the primary role of the family, give priority to the prevention of youth problems and crime, and promote increased community coordination and collaboration in meeting the needs of youth, and support development and expansion of innovative community-based youth development programs that have demonstrated success in preventing or reducing youth crime, such as –
 - i. Programs for the establishment of violence-free zones that would involve youth development and intervention models (such as models involving youth mediation, youth mentoring, life skills training, job creation, and entrepreneurship programs); and
 - ii. after-school child care programs; and
- c. to make more effective use of, and to coordinate with, other programs related to the purposes of the subtitle (including State welfare reform efforts)

Suggested Audit Procedures

- Test expenditure and related records.

Compliance Requirement

Funds may not be used to purchase or improve land or to purchase, or the purchase, construction, or permanent improvement buildings or facilities (other than low-cost residential weatherization or other energy-related home repairs) unless waived by the Secretary of Health and Human Services (Sec. 678F Limitations on use of Funds).

Suggested Audit Procedures

- Test expenditure and related records.
- If necessary, examine waivers for purchases and improvements of land, buildings, and facilities.

Compliance Requirement

Sec 678F (b) (2) Prohibitions-Programs assisted under this subtitle shall not be carried on in a manner involving the use of programs funds, the provision of services, or the employment or assignment of personnel, in a manner supporting or resulting in the identification of such programs with

- a. any partisan or nonpartisan political activity or any political activity associated with a candidate or contending faction or group, in an election for public or party office

- b. any activity to provide voters or prospective voters with transportation to polls or similar assistance in connection with any election; or
- c. any voter registration activity.

Suggested Audit Procedures

- Review procedures for controlling the use of funds for political activity and voter transportation and evaluate for adequacy.
- Test expenditure and related records.

Compliance Requirement

No more than five percent of the allotment may be transferred to the Head Start program, to services provided under the Older Americans Act, or to the Low Income Home Energy Assistance Block Grant. Public Law 97-35, Section 675(c)(5); 42 U.S.C. 3001

Suggested Audit Procedures

- Ascertain the amount of the block grant allotment.
- Ascertain the amount and purpose of transfers.

B. ELIGIBILITY

The auditor is not expected to test for eligibility for receipt of funds.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching, level of effort, or earmarking requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

Periodic financial and progress reports will be made in a form and manner specified by the Department in the grant agreement. 19 AAC 68.150 and the State Plan

Suggested Audit Procedures

- Examine copies of reports and determine completeness and timeliness of submission in accordance with the grant agreement.
- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

Funds for a fiscal year allotment must be expended in the same or succeeding fiscal year.

Suggested Audit Procedure

- Review financial records and note dates for expenditure of block grant funds.

Modified 5/01

Emergency Shelter Grant Program
CFDA Number 14.231
Department of Community and Economic Development
Program 7

I. PROGRAM OBJECTIVES

The primary objective of the Emergency Shelter Grant (ESG) Program is to assist emergency food and shelter providers and related service providers in meeting the most immediate, life-threatening needs of Alaska's homeless and at-risk population.

Shelters must be open around the clock throughout the year. They must offer refuge tailored to the special circumstances determined by environment and individual need. Important goals for an emergency shelter system, in addition to providing for the immediate needs of shelter and food, are to provide medical care, ensure that assistance is available to all who need it, establish a decent standard of quality for services, provide a "preventative" program for the "at-risk," maintain cost-effectiveness, and avoid the institutionalization of emergency programs.

The program uses federal pass-through moneys and the audit should be conducted according to federal audit requirements.

II. PROGRAM PROCEDURES

The state distributes the funds to general local governments and non-profit organizations, which do not qualify for entitlement grants. Grants are awarded annually on a competitive basis.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

In addition to federal statutory requirements, the Department is obligated to issue an annual program description consistent with Federal statutes and regulations. This program description should be reviewed prior to beginning the audit, and is available from the Department's Municipal and Regional Assistance Division.

A. TYPES OF ACTIVITIES ALLOWED

Suggested Audit Procedures

- Identify activities funded with ESG grant funds.
- Test expenditure and related records.
- For essential services, ascertain the amount of the grant and review financial records to determine the aggregate amount expended.

B. ELIGIBILITY

The auditor is not expected to make tests for recipient eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching, level of effort, or earmarking requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

Grantees are required to submit financial and progress reports periodically, as specified in the grant agreement.

Suggested Audit Procedures

- Examine copies of reports and determine completeness and timeliness of submission.
- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

Grantees are required to adhere to the Certifications stated in the Program Description and the Certification of Consistency with the Comprehensive Housing Affordability Strategy.

Suggested Audit Procedure

- Review grantee files for authorized certification forms and where applicable, assess for adequacy the grantee's activities of compliance.

Modified 5/00

[Forest Service] Mini-Grant Program
CFDA No. Not Assigned
Department of Community and Economic Development
Program 8

I. PROGRAM OBJECTIVES

[The purpose of the USDA Forest Service Mini-Grant Program is to promote development of the rural areas of the state by assisting community-led and community-based natural resource related efforts to diversify and strengthen rural economies.] **The purpose of the Mini-Grant Program is to provide funds for projects that support community economic development or development strategies.** The program is committed to supporting innovative efforts to create jobs and income in rural Alaskan communities.

This program uses federal pass through funds and the audit should be conducted in accordance with federal audit requirements, as applicable.

II. PROGRAM PROCEDURES

Funds are awarded on a competitive basis to eligible rural communities. Up to \$30,000 per application cycle may be provided to a community under this program.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Compliance Requirement

[A project is eligible for funding under the USDA Forest Service Mini-Grant Program if it: (1) increases the number of jobs in the community; (2) supports small business development in the community; (3) emphasizes development in underdeveloped rural areas; (4) promotes self-sufficiency and diversification in local economies; (5) provides for import substitution; (6) provides for the production and export of local goods and services; (7) is a youth enterprise; or, (8) draws together other resources in the community in support of economic development.] **A project is eligible for funding under the Mini-Grant Program only if it supports community economic development or development strategies (i.e., economic development strategy, business plan, feasibility study, design and engineering plan, etc.) A community economic development project is a project that will likely generate new income for the community or otherwise has the potential to improve the community's economy in a significant and long-lasting way.**

Suggested Audit Procedures

- Test financial and related records and determine the purposes for which grant funds were expended.

B. ELIGIBILITY

The auditor is not expected to make tests for recipient eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirements

Although not required by statute or regulations, grant recipients are encouraged to provide local or other funds or in-kind services to the project. Funding decisions are made, in part, on the basis of such a contribution by the grantee. The grant agreements will often specify the local or other contributions.

Suggested Audit Procedures

- Review the grant agreement to identify any contribution to be provided.
- Review financial and grant records to verify the source of funds and that the amount of the contribution was provided.

D. REPORTING REQUIREMENTS

Compliance Requirements

Grant recipients are to provide financial and narrative reports according to a schedule established in the grant agreement.

Suggested Audit Procedures

- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

There are no special tests or provisions beyond the preceding requirements.

Modified 5/02

Grants to Named Recipients
Department of Community and Economic Development
Program 9

I. PROGRAM OBJECTIVES

Authorized under AS 37.05.316, these grants are made at the discretion of the Legislature. The grants are designated by the Legislature to a specific entity for a specific project or activity to be performed by the named recipient.

II. PROGRAM PROCEDURES

Following enactment of the authorizing legislation, the Department executes a grant agreement with the named recipient, which specifies the project to be undertaken.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

There are no specific grant regulations governing the administration of these grants. All compliance requirements and suggested audit procedures must be based upon specific provisions of the grant agreement.

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Grant funds can be expended for a variety of purposes as provided for in the authorizing legislation and as specified in the grant agreement.

Suggested Audit Procedure

- Test expenditure and related records.

B. ELIGIBILITY

The auditor is not expected to make tests for recipient eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

Any matching, level of effort and/or earmarking requirements will be established by the Legislature and identified in the grant agreement. Most grants to named recipients will not require a match.

Suggested Audit Procedure

- Review the grant agreement, identify any matching, level of effort and/or earmarking requirements, and verify that requirements were met.

D. REPORTING REQUIREMENTS

Compliance Requirements

The grant agreement will specify the reporting requirements to which the grantee must adhere.

Suggested Audit Procedures

- Examine copies of the reports and determine completeness of submission in accordance with the grant agreement.
- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

Grant activities must occur within the start and end dates of the grant agreement and any amendments.

Suggested Audit Procedures

- Review the grant agreement and any amendments and review grant related activities to verify they were within the end and start dates.

Compliance Requirement

Site control must be demonstrated for capital projects, facilities, or other forms of property that are built, acquired, or used in capital projects.

Suggested Audit Procedures

- Review documentation maintained by the grantee in support site control for the capital project, facility or other form of property, and verify the documents demonstrate adequate control to allow the grant activities.

Compliance Requirements

The grant agreements often contain specific provisions to which the grantee must adhere.

Suggested Audit Procedure

- Review the grant agreement, identify any special provisions or requirements, and verify that they were met.

Modified 5/00

Grants to Unincorporated Communities
Department of Community and Economic Development
Program 10

I. PROGRAM OBJECTIVES

Authorized under AS 37.05.317, these grants are made at the discretion of the Legislature. The grants are designated by the Legislature for a specific project or activity in a specific unincorporated community.

II. PROGRAM PROCEDURES

Following enactment of the authorizing legislation, the department determines the entity within the community, which is most capable of administering and completing the project. The Department then executes a grant agreement with the entity, which specifies the project to be undertaken.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

There are no specific regulations governing the administration of these grants. All compliance requirements and suggested audit procedures must be based upon specific provisions of the grant agreement.

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Grant funds can be expended for a variety of purposes as provided for in the authorizing legislation and as specified in the grant agreement.

Suggested Audit Procedure

- Test expenditure and related records.

B. ELIGIBILITY

The auditor is not expected to make tests for recipient eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

Any matching, level of effort and/or earmarking requirements will be established by the Legislature and identified in the grant agreement. Most legislative grants to unincorporated communities will not require a match.

Suggested Audit Procedure

- Review the grant agreement, identify any matching, level of effort and/or earmarking requirements, and verify that requirements were met.

D. REPORTING REQUIREMENTS

Compliance Requirements

The grant agreement will specify the reporting requirements to which the grantee must adhere.

Suggested Audit Procedures

- Examine copies of the reports and determine completeness of submission in accordance with the grant agreement.
- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

Grant activities must occur within the start and end dates of the grant agreement and any amendments.

Suggested Audit Procedures

- Review the grant agreement and any amendments and review grant related activities to verify they were within the end and start dates.

Compliance Requirement

Site control must be demonstrated for capital projects, facilities, or other forms of property that are built, acquired, or used in capital projects.

Suggested Audit Procedures

- Review documentation maintained by the grantee in support site control for the capital project, facility or other form of property, and verify the documents demonstrate adequate control to allow the grant activities.

Compliance Requirements

The grant agreements often contain specific provisions to which the grantee must adhere.

Suggested Audit Procedure

- Review the grant agreement, identify any special provisions or requirements, and verify that they were met.

Modified 5/00

Safe Communities Program
Department of Community and Economic Development
Program 11

I. PROGRAM OBJECTIVES

Payments are provided to municipalities for any public purpose for which the municipality is legally authorized to expend funds.

II. PROGRAM PROCEDURES

Funds are disbursed annually on July 31. A municipality may not receive payment until it submits to the Department a resolution approved by the governing body of the municipality that requests the money.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

The municipality must expend funds for services listed in priority order under AS 29.60.350(c).

Suggested Audit Procedure

- Test financial and related records and determine the purpose for which the funds were expended.

B. ELIGIBILITY

The auditor is not expected to test for recipient eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching, level of effort, or earmarking requirements.

D. REPORTING REQUIREMENTS

There are no reporting requirements.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

Those municipalities which levy and collect a property tax are required to provide notice to taxpayers, pursuant to AS 29.45.020, showing a) the amount of safe communities funding received from the State and, b) the equivalent mill rate needed to raise that amount in the municipality. If a borough levies and

collects only a sales and use tax it must provide notice to taxpayers, pursuant to AS 29.45.660, showing a) the amount of safe communities funding received from the State and b) the equivalent sales tax rate needed to raise that amount in the municipality.

Suggested Audit Procedure

- Review appropriate records to determine whether required notice to taxpayers was provided in accordance with AS 29.45.020 and 29.45.660.

Modified 5/00

National Forest Receipts Program
CFDA Number 10.655
Department of Community and Economic Development
Program 12

I. PROGRAM OBJECTIVES

This is a federal program in which money flows through the Department to boroughs whose boundaries include National Forest lands, to home rule cities, first class cities, and second class cities within the unorganized borough of the National Forest and to Regional Education Attendance Areas within the unorganized borough of the National Forest. Cities and Regional Education Attendance Areas within the unorganized borough that are within twenty miles of a National Forest also qualify. The funds are provided as federal revenue sharing. The program uses federal pass through money and the audit should be conducted in accordance with federal audit requirements.

II. PROGRAM PROCEDURES

Pursuant to 43 CFR 1881.1-2, 16 USC 500 and AS 41.15.180, payments are allocated on the basis of a formula. Payments are provided on an annual basis.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Money paid to an organized borough, to home rule, first class and second class cities in the unorganized borough or Regional Education Attendance Areas under the program shall be expended for public schools [or] roads, **and special projects** based upon the purpose of the distribution. AS 41.15.180

Suggested Audit Procedure

- Test financial and related records and determine the purposes for which the funds were expended.

B. ELIGIBILITY

The auditor is not expected to verify eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching, level of effort, or earmarking requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

Recipients of funds under this program are required to submit an annual reporting and accounting on their use of the funds.

Suggested Audit Procedures

- Trace data in the annual report to underlying documentation and determine the purposes for which funds were expended.

E. SPECIAL TESTS AND REQUIREMENTS

There are no special requirements or other tests beyond the preceding requirements.

Modified 5/02

National Petroleum Reserve – Alaska Impact Program
CFDA Number Not Assigned
Department of Community and Economic Development
Program 13

I. PROGRAM OBJECTIVES

The primary objective of the NPR-A Impact Program is to provide municipalities with financial assistance to help mitigate significantly adverse impacts related to oil or gas leasing within the National Petroleum Reserve - Alaska, including exploration, production and oil or gas transportation activities conducted under the authority of 42 U.S.C. 6508.

The program uses federal pass through money and the audit should be conducted in accordance with federal audit requirements.

II. PROGRAM PROCEDURES

Funds are awarded annually on a competitive basis to **eligible** municipalities. Priority in funding is awarded to municipalities which are most directly or severely impacted by development of oil or gas in the National Petroleum Reserve - Alaska. Applicants must demonstrate the relationship between the NPR-A activity and an identifiable impact, and the relationship between the impact and the grant request.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES
A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Grant funds may only be used for the following activities and services to alleviate the impact of oil and gas leasing under 42 U.S.C. 6508 within the NPR-A: 1) planning; 2) construction, maintenance, and operation of essential public facilities by the municipality; and, 3) other necessary public services by the municipality. Chapter 53, SLA 1986; 3 AAC 150.010

The grant agreement will specify the types of activities and services which are to be provided with the funds.

Suggested Audit Procedures

- Review the grant agreement, identify the types of activities and services to be provided, and test financial and related records to determine the purpose for which the funds were expended.

B. ELIGIBILITY

The auditor is not expected to make tests for eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirements

The grant agreement will specify any matching, level of effort and/or earmarking requirements the recipient is to adhere to.

Suggested Audit Procedures

- Review the grant agreement, identify any matching, level of effort and/or earmarking requirements, and verify that the requirements were met.

D. REPORTING REQUIREMENTS

Compliance Requirement

The grant agreement will specify the type of reporting requirements.

Suggested Audit Procedures

- Review the grant agreement, identify the reporting requirements, obtain copies of reports and determine completeness of reporting.
- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

Grant activities must occur within the start and end dates of the grant agreement and any amendments.

Suggested Audit Procedures

- Review the grant agreement and any amendments and review grant related activities to verify they were within the end and start dates.

Compliance Requirement

Site control must be demonstrated for capital projects, facilities, or other forms of property that are built, acquired, or used in capital projects.

Suggested Audit Procedures

- Review documentation maintained by the grantee in support of control of the site for the capital project, facility or other form of property and verify the documents demonstrate adequate control to allow the grant activities.

Compliance Requirements

The grant agreement will identify any special compliance requirements the municipality is to adhere to.

Suggested Audit Procedures

- Review the grant agreement, identify any special compliance requirements, and verify the requirements were met.

Modified 5/02

Rural Development Assistance Program
Department of Community and Economic Development
Program 14

I. PROGRAM OBJECTIVES

The purposes of the Rural Development Assistance Program are to promote development of the rural areas of the state by broadening and diversifying the economic base of rural areas; to improve health, welfare and economic security; and, to provide employment and income in rural areas.

II. PROGRAM PROCEDURES

Funds are awarded on a competitive basis to eligible rural communities. Up to \$100,000 per year may be provided to a community under this program.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

A project is eligible for funding under AS 44.33.740 to 44.33.745 if it: (1) contributes to the economic development of the community; (2) develops basic community facilities or infrastructure to improve the health, welfare, and economic security of the community; or, (3) develops planning and feasibility studies for community development or prepares for externally generated projects or events affecting the community. AS 44.33.740; 3 AAC 160.052

Suggested Audit Procedure

- Test financial and related records and determine the purposes for which the grant funds were expended.

B. ELIGIBILITY

The auditor is not expected to verify eligibility for receipt of funds.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

Although not required by statute or regulation, grant recipients are encouraged to provide local or other funds or in-kind services to the project. Funding decisions are made, in part, on the basis of such a commitment by the grantee. The grant agreements will often specify the local or other contributions.

Suggested Audit Procedures

- Review the grant agreement to identify any contribution to be provided.
- Review financial and grant records to verify the source of funds and that the amount of the contribution was provided.

D. REPORTING REQUIREMENTS

Compliance Requirement

Grant recipients are to provide financial and narrative reports according to a schedule established in grant agreements 3 AAC 160.082 (b)

Suggested Audit Procedures

- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

There are no special tests or provisions beyond the preceding requirements.

Modified 5/00

Shared Fisheries Business Tax Program
Department of Community and Economic Development
Program 16

I. PROGRAM OBJECTIVES

The objective of the shared fisheries business tax program is to allocate a share of state fisheries business tax receipts collected outside municipal boundaries to municipalities that demonstrate they suffered significant effects from fisheries business activity during the program base year.

II. PROGRAM PROCEDURES

To be eligible for the program, an applicant must submit its applications to the department postmarked no later than December 15 of the application year. A municipality that occupies more than one area must submit a separate application for each area in which that municipality applies to receive an allocation under this program.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

A municipality that receives a tax allocation under this section shall use the tax allocation to help reduce the effect of fisheries business activities on the municipality, which may include the expenses of any municipal service.

Suggested Audit Procedure

- Test financial and related records and determine the purpose for which the funds were expended.

B. ELIGIBILITY

The auditor is not expected to test for recipient eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching, level of effort, or earmarking requirements.

D. REPORTING REQUIREMENTS

There are no reporting requirements.

E. SPECIAL TESTS AND PROVISIONS

There are no special provisions and tests, which the auditor is to complete.

Modified 5/00

**State Revenue Sharing Program
Department of Community and Economic Development
Program 17**

I. PROGRAM OBJECTIVES

Under the State of Alaska Revenue Sharing program, entitlements are paid to municipalities and other eligible recipients in the unorganized borough for local government services.

II. PROGRAM PROCEDURES

Municipalities may receive, upon application, a minimum entitlement of \$25,000 plus a geographical cost of living adjustment. The amount of funds distributed to each municipality is based upon population, local fiscal effort, property tax base, miles of road maintained and operation of health facilities and hospitals. Funds are also provided to Volunteer Fire Departments serving a population not in a municipality and to unincorporated communities.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES
A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirements

Funds generated by the tax levy of a taxing unit within the municipality (service area or non-areawide services) may only be used for authorized expenditures of that taxing unit. AS 29.60.050

No more than 15 percent of the areawide entitlement may be used, at the discretion of the assembly or council, for services provided on a service area or non-areawide basis. AS 29.60.050

At least 20 percent of the funds received for the reported maintenance of roads must be expended for road maintenance during the fiscal year in which the funds were awarded. The remaining 80 percent or less may be used for other municipal services or municipal services or facilities. AS 29.60.110; 3 AAC 130.052 (1)

If the applicant is a borough which provides road maintenance services by service area, the applicant must agree to allocate the amount received under AS 29.60.110 for road maintenance within a service area, including the cost of living differential, if any, to that service area. 3 AAC 130.052(4)

All of the funds received for the reported operation and maintenance of health facilities must be irrevocably dedicated to operation and maintenance of health facilities or health services; and, at least 20 percent of the funds received for the reported health facility operation and maintenance must be spent for operation and maintenance during the fiscal year in which the funds were awarded. (AS 29.60.120; 3 AAC 130.053 (a)(2)). Where funds have been provided to a volunteer fire department in the unorganized borough, the funds may only be used for fire protection. AS 29.60.130; 3 AAC 130.054(2) 19 AAC 30.054

At least 20 percent of the funds received by a volunteer fire department must be expended for fire protection services in the fiscal year in which the funds were awarded. AS 29.60.130; 19 AAC 30.054(2)

Suggested Audit Procedures

- Test financial and related records and determine the purposes for which the funds were expended.
- Where applicable, verify that all earmarked amounts were properly expended.

B. ELIGIBILITY

The auditor is not expected to verify eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching or level of effort requirements. The auditor should determine that funds earmarked for roads, health facilities, hospitals, and fire protection, as detailed in the Types of Services Allowed or Unallowed section above, have been expended for the required purpose and where appropriate, in the required amount.

D. REPORTING REQUIREMENTS

There are no requirements for the periodic reporting on the use of the funds. Municipalities and second class cities are required to submit an annual audit and/or certified financial statement for continued receipt of the entitlement. Audit reports of entities, which have received state revenue sharing entitlements, should include statements in sufficient detail to allow verification of locally generated revenues by source and all expenditures made for each separate service claimed by the entity. AS 29.60.040; 3 AAC 130.021(b)

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

Those municipalities which levy and collect a property tax are required to provide notice to taxpayers, pursuant to AS 29.45.020, showing a) the amount of financial assistance received from the State and, b) the equivalent mill rate needed to raise that amount in the municipality. If a borough levies and collects only a sales and use tax it must provide notice to taxpayers, pursuant to AS 29.45.660, showing a) the amount of financial assistance received from the State and b) the equivalent sales tax rate needed to raise that amount in the municipality.

Suggested Audit Procedure

- Review appropriate records to determine whether required notice to taxpayers was provided in accordance with AS 29.45.020 and AS 29.45.660.

Modified 5/00

Alaska Regional Development Organizations Program

Department of Community and Economic Development

Program 18

I. PROGRAM OBJECTIVES

The objective of this program is to facilitate the formation of regional economic development organizations whose purpose is, according to 3 AAC57.090, to provide services designed to encourage economic development to local villages, communities, and businesses in the region; collect and distribute economic information relevant to the region; serve as an effective liaison between state government and the region; develop and implement a regional economic development strategy; and carry out certain administrative activities.

II. PROGRAM PROCEDURES

Upon successful completion of an application process, a qualifying organization may be awarded the Alaska Regional Development Organization (ARDOR) designation. By statute, only fifteen organizations may be funded statewide and only one organization may hold the designation within a single region. Designated organizations are eligible to receive professional and technical assistance and a matching grant from the Department of Community and Economic Development. The matching grant is funded with state funds appropriated annually and specifically for the ARDOR Program.

ARDORs apply for these matching grants annually by submitting an application containing those elements stipulated by the Department. Generally, the elements include: summary forms; work plan; budget; verification that the match requirement can be satisfied (or a waiver request is submitted); a current regional development strategy if the Department does not have a copy; a copy of the organization's bylaws if the Department does not have a current copy; and board membership. Upon review and acceptance of a complete application, a grant agreement is entered into which stipulates, among other things, a schedule for the submission of activity and expenditure reports and for the disbursement of funds.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND NOT ALLOWED

Compliance Requirement

The grant agreement will specify the types of activities and services allowed.

Suggested Audit Procedures

- Review the grant agreement, identify allowed and disallowed activities and services and test the financial and related records to determine that funds were expended consistently with the purposes for which the funds were awarded.
- Some grantees are organizations with more missions than those of a single purpose ARDOR or some ARDORs may be engaged in an activity not considered to be a part of the ARDOR mission. In these instances, the grantee is required to designate which tasks will be funded by ARDOR funds, including the required match. The auditor should determine if the ARDOR grant funds and required matching funds were spent on the tasks outlined in the grant agreement.

B. ELIGIBILITY

The auditor is not expected to test for eligibility.

C. MATCH

Compliance Requirement

The grant agreement will specify any matching, level of effort and/or earmarking requirements.

Unless the Department grants a waiver in accordance with 3AAC 057.070 (d) and (f), an ARDOR is required to meet two matching requirements as described in 03 AAC 057.070. The auditor should first determine the applicable match ratio to enable calculating the minimum match amount. This ratio is based on a combination of two factors: whether or not the ARDOR encompasses a borough, and the population size of the area served by the ARDOR.

Once the minimum amount of match funds is determined, then the ARDOR is required to provide at least 20% of this amount from local sources, not to exceed \$10,000. The balance of the required minimum match can be provided by any source other than state funds.

Suggested Audit Procedure

- Review the grant agreement and verify that the required match was met.
- The auditor should determine the source of the matching funds and determine if the minimum amounts of cash for the local contribution and non-state match were provided.

D. REPORTING REQUIREMENTS

Compliance Requirement

The required content and schedule for periodic activity and expenditure reports will be contained in the grant agreement.

Suggested Audit Procedures

- Review the grant agreement, determine reporting requirements, secure copies of specified reports, determine their level of compliance with the terms of the grant agreement.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

If the grantee is required to adhere to any special compliance requirements, they will be specified in the grant agreement.

Suggested Audit Procedure

- Review the grant agreement, identify any special compliance provisions and verify that those requirements were met.

Modified 5/01

Payment in Lieu of Taxes Program
CFDA Number Unknown
Department of Community and Economic Development
Program 19

I. PROGRAM OBJECTIVES

This is a federal program in which money flows through the Department to cities located within the State's unorganized borough.

II. PROGRAM PROCEDURES

Pursuant to 31 USC 6901 - 6902 and 3 AAC 152.010.900, payments are allocated on the basis of a formula. Payments are provided on an annual basis.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

A payment received by a city under the Payment in Lieu of Taxes Program may be used for any purpose authorized by law for which the city otherwise has the power to expend money. This includes, but is not limited to, services, which relate to public safety, the environment, housing, social services, transportation, and governmental administration.

Suggested Audit Procedure

- Test financial and related records and determine the purposes for which the funds were expended.

B. ELIGIBILITY

The auditor is not expected to verify eligibility.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

There are no matching, level of effort, or earmarking requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

There are no reporting requirements.

E. SPECIAL TESTS AND REQUIREMENTS

There are no special provisions and tests, which the auditor is to complete.

Modified 5/00

Rural Utility Business Advisor (RUBA) Program
CFDA Number 66.606
Department of Community and Economic Development
Program 20

I. PROGRAM OBJECTIVES

The Mission of the Rural Utility Business Advisor Program is to provide business and utility management advice, training, and technical assistance to city and village governing bodies to ensure sustainable sanitation services and protect the health of residents.

The program includes federal money in the form of a grant from the EPA, as well as State of Alaska match money.

II. PROGRAM PROCEDURES

There are no specific statutes or regulations governing the administration of the program. Each community that is accepted into the RUBA Program signs an Assistance Agreement in which the City Council agrees:

- A. To ensure Council staff is available when RUBA staff travels to the city.
- B. The Council will submit to the RUBA program upon request, a copy of the current monthly financial report, copies of completed payroll tax coupons, and photocopies of tax payment checks.
- C. To allow RUBA staff access to all of the Council's non-confidential records and files including ordinances, policies and procedures, financial records (including monthly financial reports, tax reports, payroll journals, cash receipt journals, cash disbursement journals, bank statements, computer software records (i.e., Quicken, QuickPro, QuickBooks, etc.), and correspondence files.
- D. To meet with RUBA staff to develop a work plan based on the written assessment done by the RUBA staff and present to the Council.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

The contract between DCED and US EPA contains the requirements and limitations for the federal program receipts. The State funded portion of the RUBA Program follows the statutes and regulations governing the administration of all State programs.

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Services to communities challenged with operation, managing and financing sanitation services are allowed and required by the program funding requirements. These services include on-site technical assistance, workshop training and management advice.

Suggested Audit Procedures

- Review agreed to work plans for RUBA communities for types of services provided by RUBA staff. Also review quarterly reports of activities that are sent to US EPA.

B. ELIGIBILITY

Any community or municipality may request assistance through this program. The level of assistance and advice is most appropriate to smaller communities with little experience in operating, managing, or financing sanitation services.

Suggested Audit Procedures

- Review list of communities receiving RUBA assistance. Review list of communities with RUBA technical assistance agreements.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

No match money is required by applicant communities. However, an agreement is signed before technical assistance is provided that requires a local level of effort at solving management problems.

Suggested Audit Procedures

- Review agreements with communities and identify local contributions to accomplishing work tasks.

D. REPORTING REQUIREMENTS

The US EPA Grant Agreement specifies that DCED will submit quarterly progress reports describing progress on work tasks. Periodic financial billings and reports are sent to US EPA by DCED, Division of Administrative Services.

Suggested Audit Procedure

- Review the quarterly reports provided to US EPA and compare reported progress with grant work tasks and schedule.

E. SPECIAL TESTS AND PROVISIONS

Not applicable to the RUBA Program.

Modified 5/00

Division of Energy Programs
Department of Community and Economic Development
Program 21

I. PROGRAM OBJECTIVES

- A. Division of Energy grants typically fall under two different types of legislative appropriations: (1) direct appropriations for specific communities or projects or (2) “umbrella” appropriations for specific kinds of energy project construction and management activities. The general objective of all appropriations is to fund projects that improve cost-savings, energy efficiency, safety and reliability of electric energy systems, bulk fuel storage facilities and waste heat systems throughout Alaska.

Capital grants may be used for construction projects, specific equipment purchases, or services. Some typical examples include: purchases or modifications to electric utility engine-generators, system meters, or other equipment; upgrades or safety improvements to electric transmission and distribution lines, repairs and code compliance work on electric utility bulk fuel storage facilities and installation of waste heat recovery systems. Grants may also be given for alternative energy projects (systems that produce energy from fuels other than fossil fuels).

Service grants are typically for things like routine circuit rider maintenance work on electric utility systems, technical assistance on recurring problems (i.e., high line losses, etc.), organizational support grants for bulk fuel cooperative purchases or regional electric utility development and training of electric utility staff.

- B. Other Division of Energy grants fall under the category of matching grants:
1. The Division administers the Electric Service Extension Fund under AS 42.45.200, from which Electrical Service Extension Fund grants are made to eligible electric utilities. As a first priority, these grants are made for paying the cost of site preparation and construction of electrical service to private residences and small businesses not currently served by centralized electrical service.

As a second priority, grants under this program may also be made for making improvements to existing utility functions.

Electrical Service Extension Fund grants are “matching grants,” in that both AS 42.45.200 and the administrative regulations adopted for the program

specify that a grant may cover up to 60% of the site preparation and construction cost of the proposed project.

Applicants must demonstrate that they have the ability to provide a financial contribution equal to 40% of the site preparation and construction cost and 100% of the cost of planning, feasibility studies and design.

2. The Division administers the Power Cost Equalization, and the Rural Electric Capitalization Fund (AS 42.45.100) from which Utility Improvement grants (AS 42.45.180) are made to electric utilities eligible for power cost equalization. These grants are made for small power projects that will reduce the cost of generating or transmitting power to customers of the utility.

Utility Improvement grants are “matching grants” in that both AS 42.45.180 and the administrative regulations adopted for the program clearly specify that a grant may cover up to 75% of the cost of the proposed project. Projects eligible under this program include power generation, transmission, distribution, metering, energy storage and conservation systems, and bulk fuel storage facilities.

An applicant must demonstrate that they have secured financing for at least 25% of the cost of the project, from sources other than the Power Cost Equalization and Rural Electric Capitalization Fund.

II. PROGRAM PROCEDURES

The Division of Energy administers appropriations for specifically named communities or projects, “umbrella” appropriations, Electrical Service Extension Fund appropriations and appropriations for Utility Improvements. Individual grant awards to communities/utilities under umbrella appropriations or statutory funds may be determined by how closely the recipients’ projects meet program criteria.

Alternatively, specific communities may be named as potential grant recipients under umbrella appropriations in the agency’s budget request.

Grant funds are usually managed by the Division of Energy as described below. The majority of rural energy grants fall in the first two categories:

1. The Division of Energy acts as agent of the grantee. In this case, the grant recipient does not receive funds directly. The Division of Energy is responsible for purchasing and other grant oversight activities. The Division deposits a portion of the grant money necessary to cover the grantee’s payroll,

related taxes and worker's compensation insurance in a trust account managed by a bookkeeping services firm under contract to the Division. The trustee acts as disbursing agent for payroll related expenditures, and the state acts as disbursing agent for non-payroll related grant expenditures;

2. Energy grants may be managed on a cost-reimbursable basis;
3. The Division may purchase goods and services and makes vendor payments directly;
4. Energy grants made from the Electrical Service Extension Fund are funded out of the available balance of the fund at the time of application and are generally administered on a cost reimbursable basis;

Electrical Service Extension Fund program regulations have been established in the Alaska Administrative Code under Title 3, Chapter 107, Sections 500-550; and,

5. Utility Improvement energy grant projects made from the Power Cost Equalization and Rural Electric Capitalization Fund are funded from moneys in the Fund specifically allocated for these grants.

Regulations for this program have been established in the Alaska Administrative Code under Title 3, Chapter 107, Sections 300-380

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Compliance Requirements

Grant agreements specify the scope of services, project management responsibility and the method of accounting for project funds.

Review the grant agreement and determine whether it falls within the determination of the Office of Management and Budget in the memo of May 15, 1992 and March 7, 1994 regarding the applicability of the State Single Audit to certain grants administered by the Division of Energy (or formerly by the Alaska Energy Authority).

Suggested Audit Procedures

- Identify services to be provided under the grant, responsibility for managing the funds, and test financial and related records to determine if expenditures are proper.

- Review whether the funds have been used for the purpose defined in the particular energy grant.

B. ELIGIBILITY

The auditor is not expected to make tests for recipient eligibility.

C. MATCHING, LEVEL OF EFFORT, AND /OR EARMARKING REQUIREMENTS

Compliance Requirement

The grant agreement will specify any matching, level of effort, and/or earmarking requirements.

Suggested Audit Procedures

- Review the grant agreement to identify any matching, level of effort and/or earmarking requirements and determine whether or not the grantee has met the requirements.

D. REPORTING REQUIREMENTS

Compliance Requirements

The grant agreement will specify any reporting requirements to which the grantee must adhere.

Suggested Audit Procedures

- Review the grant agreement to identify any requirements for reporting by the grantee and determine whether or not the grantee submitted the required reports and assess the completeness of the submission.
- If the grantee is required to submit financial reports, trace date in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirements

The grant agreement will specify any special requirements to which the grantee is to adhere.

Suggested Audit Procedures

- Review the grant agreement to identify any special requirements or conditions and determine whether or not the grantee met the requirements.

Modified 5/00

Municipal Grant Program

Department of Community and Economic Development

Program 23

I. PROGRAM OBJECTIVES

In accordance with AS 37.05.315 - .325, the Department of Community & Economic Development administers grants, which are made at the discretion of the Legislature, to incorporated municipalities. The grants are designated for use on various capital projects and activities.

II. PROGRAM PROCEDURES

Once the authorizing legislation becomes effective, the Department executes a grant agreement with the receiving municipality (grantee). The grant agreement specifies the purpose of the grant and contains the terms and conditions under which the grantee must perform.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Compliance Requirement

The municipality will spend the grant funds only for the purpose specified in the appropriation.

Suggested Audit Procedures

- Determine the purpose of the grant by original and supplementary legislation
- Review evidence of expenditures, (checks) and bills, (invoices) to determine if grant funds were used only for the purposes specified in the appropriation.
- For those funds received by the municipality but not yet claimed as expenditures, determine where these funds are located and what the interim use is or has been.
- For those funds identified for use other than construction, determine the status of each grant, (i.e., grant purpose completed, all funds expended, grant purpose in progress not yet completed, or grant purpose not yet begun); and
- Review evidence of expenditures and bills to determine when charges were incurred in relation (by date comparison) to the grant appropriation date. Report those charges incurred before the effective date of the appropriation. Standard Agreement Form, Article I (1)

Compliance Requirement

The facilities and services provided by the grant must be available for use of the general public.

Suggested Audit Procedures

- Physically inspect the facility to determine if the general public has access to its use;
- Determine what services are provided by the grant and if they were for the benefit of the general public; and
- Determine whether a facility or service provided by a grant is used exclusively, primarily or infrequently by private business concerns, government entities or other selected groups. Standard Agreement Form, Article I (3) (Rev. 6/93)

B. ELIGIBILITY

Compliance Requirement

The municipality must have the authority under the State law or local charter to provide the services for which the funds were appropriated.

Suggested Audit Procedures

- Identify the services to be provided by the grants selected for audit;
- Determine that the municipality currently has the authority to provide the identified service; and
- Report exceptions. Standard Agreement Form (Rev. 6/93)

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

The municipality must return to the state all grant funds received for construction of a public facility if the state determines that substantial ongoing work on the project has not begun within five years of the date it was appropriated.

Suggested Audit Procedures

- Identify grants involving construction activities; and
- Review checks and invoices presented to verify that substantial construction has actually begun. (This is not to be measured by dollars alone, rather the ongoing work should be at a stage that would be impracticable to stop construction.) Standard Agreement Form, Article I(4) (Rev. 6/93).

D. REPORTING REQUIREMENTS

Compliance Requirement

The grant agreement will specify the reporting requirements the grantee is to adhere to.

Suggested Audit Procedures

- Examine copies of the reports and determine completeness and timeliness of submission in accordance with the grant agreement; and
- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

All grants for construction of a public facility must be operated and maintained for the practical life of the facility by other than the state.

Suggested Audit Procedures

- Identify the grants involving construction activities which require maintenance and operation costs, whether construction is complete or not;
 - Review checks and invoices presented to verify claimed expenditures for evidence of expenditures for maintenance and operation; and
 - Determine from municipality records whether any other state funds were used for maintenance or operation of the facility.
- Standard Agreement Form, Article I (5) (Rev.6/93).

Modified 5/00